

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

STARRED QUESTION NO:33
ANSWERED ON:01.03.2002
DECLINE IN DEPOSITS
ASHOK KUMAR PATEL;S. AJAYA KUMAR

Will the Minister of FINANCE be pleased to state:

- (a) whether there is a sharp decline in deposits with scheduled commercial banks and post offices during the last three years;
- (b) if so, the details thereof;
- (c) whether the fall in deposits is the direct impact of recent decision to cut down the interest rates on deposits;
- (d) if so, whether the Government will reconsider the interest structure in these banks and post office in order to attract more deposits, keeping in view the sentiments of pensioners and the depositors from the lower middle class; and
- (e) if so, by when it is likely to be done?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL)

(a), (b),(c), (d) and (e) : A Statement is laid on the Table of the House

STATEMENT REFERRED IN REPLY TO PARTS (A), (B), (C), (D) AND (E) LOK SABHA STARRED QUESTION NO.33 FC
REPLY ON 1STMARCH, 2002 REGARDING DECLINE IN DEPOSITS RAISED BY ASHOK PATEL AND SHRI S.AJAY/
KUMAR

(a) and (b): No, Sir. Deposits of scheduled commercial banks and also deposits in Small Saving Schemes and Deposit Schemes for retiring employees have not recorded any decline. On the contrary, the outstanding position of these deposits during the last three years have increased as indicated below :

(Rs. crore)

Year Deposits in Scheduled Commercial Banks and Deposit Schemes for Retiring employees Gross deposits in Small Saving Schemes

1998-1999	7,14,025	62,157
1999-2000	8,13,344	75,542
2000-2001	9,62,618	88,739
2001-2002	10,78,971	

(Upto February
8, 2002

(c): Since deposits have increased, question does not arise.

(d) and (e): Interest rates on bank deposits have been deregulated to a large extent except for Savings Bank Deposits. Scheduled Commercial Banks are now free to determine their interest rate structure on Domestic Term Deposits of maturity of 7 days and above and offer both variable and fixed rate of interest. Interest rates on Savings Bank Deposits are regulated by Reserve Bank of India. From April 1, 2000, interest rate on Savings Bank Deposits of scheduled commercial banks was reduced by 0.5 percentage points from 4.5 per cent to 4.0 per cent.

The small saving schemes are reviewed by the Government from time to time and steps are taken for continued and enhanced mobilization of resources through small saving schemes. Considering the low rate of inflation and also tax benefits available under certain schemes, interest rate in real terms remains attractive for investors.